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ON

An Assessment of Economic Cooperation among BIMSTEC Countries: With Reference to Indian Perspective.

(Faculty of Social Science, LNMU, Darbhanga)

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An Assessment of Economic Cooperation among BIMSTEC Countries: Concerning Indian Perspective.

Introduction: -

One of the main goals of India's economic foreign policy is economic development. For India to accomplish the goals of its foreign policy, its economic policies must be implemented. India's economic foreign policy now includes this. Through regular advertising, lectures, and contacts, the Ministry of External Affairs (MEA) is portraying India as an Emerging Economic Power among foreign governments, think tanks, companies, and investors abroad. Through bilateral and regional trade agreements, as well as global trade and economic negotiations, India is seeking to strengthen its economy. Similar to other nations across the globe, India is entering into Free Trade Agreements and Preferential Trade Agreements with other nations and trade associations to gain access to markets and increase its economic influence.

Global Trade and Economic Diplomacy: India continues to place a high focus on economic diplomacy. The administration wants to increase exports, draw in foreign investment, and fortify its economic connections with nations all over the world. It actively pursues free trade agreements (FTAs) with other nations and areas and participates in multilateral trade discussions, notably through the WTO.

In October, Sri Lankan Prime Minister Ranil Wickremesinghe's visit to India called out on the SAARC member countries for failing to address the issue of terrorism. Prime Minister Ranil Wickremesinghe said cross-border terrorism is on the table. SAARC has to look at it and talk about what has happened. SAARC has to agree on two issues cross-border terrorism and areas in which we can work with each other. SAARC won't survive if we don't take action.

India is still committed to promoting regional cooperation throughout the wider neighbourhood and in South Asia. It seeks to advance people-to-people interactions, economic integration, and connectivity via organizations like the Indian Ocean Rim Association (IORA), BIMSTEC, and SAARC. Nonetheless, there are still issues with addressing political divides and settling conflicts between the nations in the region.

DR. Manmohan Singh as India's prime minister, his first foreign visit was for the initial summit of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) in Bangkok in July 2004. his last official visit was also for a BIMSTEC summit in March 2014, the 3rd such meeting, in Myanmar. 12 years since the BIMSTEC's first summit, times are changing for the regional grouping. In an attempt to strengthen relations between the two organizations, India invited the leaders of the grouping to the 8 BRICS (Brazil, Russia, India, China, and South Africa) Summit in Goa in October 2016. The Summit resulted in the decision to immediately a free trade agreement (FTA) between the member states though, with limited ambition.

Seven Member States make up the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), a regional organization. Two Member States are from Southeast Asia, namely Myanmar and Thailand, while five are from South Asia, including Bangladesh, Bhutan, India, Nepal, and Sri Lanka. The Bangkok Declaration gave rise to this sub-regional organization on June 6, 1997. With a combined Gross Domestic Product (GDP) of USD 3.8 trillion and 21.7% of the world's population, BIMSTEC has become

a significant economic growth engine. Dhaka is home to the BIMSTEC Secretariat. In keeping with his Neighbourhood First policy, the Prime Minister of India invited all of the members of the South Asian Association for Regional Cooperation (SAARC) to his swearing-in ceremony in 2014. This included Pakistan. However, India redoubled its efforts to advance the BIMSTEC, which had been around for more than 20 years but had received little attention until the October 2016 attack on an Indian military base, known as the Uri attack. PM conducted an outreach summit with leaders of the BIMSTEC in addition to the BRICS summit in Goa. The BIMSTEC nations have backed India's demand to abstain from the November 2016 SAARC summit, which was set to take place in Islamabad. The SAARC summit was consequently postponed indefinitely. India started concentrating on other regional organizations like BIMSTEC as a result of the deterioration of relations with Pakistan, which halted progress on numerous important SAARC initiatives. In this regard, BIMSTEC is regarded as an extremely creative approach that aims to circumvent the present difficulties associated with South Asian regional integration. The 'SAARC minus Pakistan' that BIMSTEC proposes includes Thailand and Myanmar as extras.

Afghanistan and the Maldives are two more SAARC countries that may join at a later date. In actuality, BIMSTEC serves as a bridge connecting Southeast Asia and South Asia, and India is primarily responsible for the recent developments within this regional alliance. Its function is essential to reviving this coalition based on healthy reciprocal ties with each member. Even though Thailand has been leading the charge thus far, India's leadership is essential for progress to occur.

Cooperation in technology and economy amongst the member nations bordering the Bay of Bengal is the primary goal of BIMSTEC. Fourteen priority topics were identified at the BIMSTEC outreach summit in Goa, including energy, terrorism, disaster management, climate change, and agricultural cooperation. The Goa summit pledged to advance the grouping under India's leadership, particularly in light of the significant challenges to regional integration in the area. The China factor is also significant because, as China's influence grows in the area, India feels compelled to intensify its interactions with its neighbours.
BIMSTEC integration the dream of a wealthy Bay of Bengal community would remain a pipe dream without connectivity. Trade liberalization will remain less than ideal. BIMSTEC members are being involved by India in the northeast, which is where Southeast Asia starts. Establishing road, rail, and other connections that pass via Bangladesh and Myanmar is necessary to be connected to Thailand. For this, regional grouping to seamlessly integrate and have its members connected by road, rail, air, and shipping services, these infrastructure projects need to be operationalized as soon as possible.

Despite being launched in June 1997 and nearly 20 years later, BIMSTEC has not taken off. Initially known as BIST-EC, it united Bangladesh, India, Sri Lanka, and Thailand. In 1997, Myanmar attended the first conference as an observer and later that year, at a special ministerial meeting, joined as a full member. Nepal and Bhutan subsequently joined in 2004. At the inaugural summit in July 2004, the leaders of the association decided to go with the name BIMSTEC.

However, BIMSTEC leaders have signed and adopted the BIMSTEC Charter during the Fifth Summit on 30th March 2022. The 27-page charter adopted at the BIMSTEC summit articulates the purpose, principles, and legal standing of the organization. Chater also delineates the process of admitting new members which will require the consensus of all the members. A similar procedure will be adopted to increase the number of observer countries of the organization. One important provision in the charter is to keep regular meetings on track and

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provide enough scope to the BIMSTEC Permanent Working Committee to keep the process energized. The members were expected to meet once every two years and ministerial meetings will be held annually.

These days, BIMSTEC has a stronger foundation thanks to its robust economic fundamentals and dynamic expansion. With an annual growth rate of 7.6%, India's economy is one of the fastest-growing in the world. With a GDP of $2 trillion and a population of 1.2 billion, it is without a doubt the most powerful economy within this alliance. Some of the smaller nations, such as Myanmar, are growing at an even faster rate of 8.1 percent. The International Monetary Fund (IMF) projects that in 2016, while the global economy is growing slowly at a pace of 3.1 percent, BIMSTEC would likely increase by 6.9 percent. In 2023, BIMSTEC is expected to have a $5 trillion global gross domestic product (GDP).

Review of Literature: -

Nilanjan Banik (Feb Dec. 2006), This article aims to assess the readiness of the economies involved in the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation to establish a free trade area. According to the current study, the BIMSTEC region has a lot of qualities that make it a good candidate for a free trade agreement. A few parameters, including price, income, geographic features, and commerce, serve as the foundation for our analysis. Overall, it appears that there are promising signs for the economies of the BIMSTEC countries to engage in a prosperous regional trade pact. It would be anticipated that joining an FTA would give the member nations a comparative advantage.

Abhijit Ghosh, Neetu Chaudhary (Jan. 2024), Ten commercial transit sites for trade between India and Nepal are located along the vast majority of Bihar's border with Nepal. Within the mutually agreed-upon formal framework, India and the state of Bihar can collaborate with Nepal with great potential for economic gains. The area benefits from natural interdependence due to its advantageous location, which has not yet been fully utilized. In terms of South Asian regional cooperation, a transition from bilateralism to sub regionalism is required. The current governmental focus on India's connections with her immediate neighbours provides a suitable framework for re-examining the kind and extent of cross-border economic interactions. Despite several endeavours in the form of treaties and accords, including the much-discussed South Asian Free Trade Area (SAFTA), regional trade and economic cooperation within the South Asian region continue to rank among the lowest in the world.

Divesh Kaul (March 2021), The changing trade agreements in the Indian Ocean region, with India at the centre of affairs, are discussed in this article. In addition to the current agreements like the Association of Southeast Asian Nations and the South Asian Association for Regional Cooperation, new agreements like the Asia-Africa Growth Corridor, the Indian Ocean Rim Association, the recently concluded Regional Comprehensive Economic Partnership, and the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation are all in the works. The Indian Ocean area considers expanding South-South cooperation as part of this process. Prioritizing group actions toward trade and development while envisioning people-friendly international trade governance continues to be a difficulty.

Chand (2017), South Asia continues to be among the least integrated regions of the world despite efforts to increase commerce.3. Particularly considering that regional trade agreements account for over 50% of global commerce, the regions under 6% intraregional trade number is still weak (Kathuria 2015). High trade prices, poor transit connection, onerous logistics, and regulatory constraints, the relative size asymmetry among the member nations, mistrust, and past political disputes are a few of the thorny issues.

Asian Development Bank (2017), South Asian and South East Asian Trade Relations One points out more studies aimed at establishing trade connections both inside and between South Asia and South East Asia. The goal of the BCIM, a grouping of Bangladesh, China, India, and Myanmar, is to enhance connectivity and business ties. In addition, the South Asia Subregional Economic Cooperation (SASEC) was established in 2000 by the Asian Development Bank (ADB) to enhance commercial ties between Bangladesh, Bhutan, India, the Maldives, Myanmar, and Sri Lanka, among other countries.

Bhattacharjee (2018), Another example of economic regionalism is provided by the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), a cross-regional framework. Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand make up the BIMSTEC. Like SAARC, the success of BIMSTEC depends on a strong political will and a united front. If not, there might be another example of a stuck vehicle.

Bishwanath Goldar, Devender Pratap, Yashobanta Parida (JAN 2012), This article attempts to calculate the impact of tariff reductions on India's agricultural product trade using the tiered methodology of the 2008 draft procedures in the Doha round of the World Trade Organization. Based on projections, India's agricultural product imports will rise by around 1% as a result of the reduction in agricultural tariff rates, while its exports to the United States and its domestic markets will rise by approximately 2% to 4%. India is likely to benefit more than suffer from the application of tariff reductions based on the tiered approach. Nonetheless, there would be minimal overall impact of the tariff reductions on India's agricultural exports and local agricultural output.

Smitha Francis (Jan 2011), The country's agriculture sector may suffer as a result of the ASEAN-India Free Trade Agreement's enhanced access to the Indian market for close substitutes and semi-processed and processed agricultural products. Food and other agriculture-related products, some intermediate commodities, and light manufacturing products are anticipated to be the areas of most pain for Indian small and medium-sized businesses. However, the liberalization of imports for intermediate goods would push multinational firms to rationalize production throughout the area in the transportation equipment, machinery, chemicals, and iron and steel industries. India may become more deeply integrated into manufacturing networks in several areas as a result. All of this is likely to make India's problems with employment and livelihood much more difficult, especially in light of the disregard for the demands of domestic agriculture and a manufacturing foundation for the anticipated benefits of service sector liberalization with ASEAN.

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Statement of Problem: -

1) In the areas of counterterrorism, cybersecurity, humanitarian assistance disaster relief, and coastal security cooperation, BIMSTEC has made significant strides. The BIMSTEC Network of Policy Think Tanks facilitates active interaction between the academic and strategic communities.
2) Absence of friendly bilateral ties among its constituent states. For instance, there are social, political, and economic issues that contribute to the poor relations between Bangladesh and Myanmar, India and Nepal, and Sri Lanka.

3) The progress of BIMSTEC is impacted by uncertainties surrounding SAARC. For example, both Nepal and Sri Lanka, members of BIMSTEC, are in Favor of bringing back the SAARC summit.
4) Another danger to BIMSTEC collaboration is China's expanding sway over South Asia. For example, a well-known researcher from Bangladesh advocated for China's admission as a BIMSTEC partner. India, however, will not approve of this notion.
5) A new practical obstacle is the unfolding military takeover in Myanmar and the popular protests against it.

6) Apathy towards organizing recurring yearly meetings. For example, the leaders of BIMSTEC failed to meet during the pandemic, even though most regional organizations (SCO, ASEAN, G20) were able to convene at a high political level.

Significance of the study:-

It must be viewed in light of India's increased involvement in and dedication to its "Act East" policy. India's efforts to fulfill its Act East policy objectives would not gain traction unless it makes a significant effort to engage with BIMSTEC member states.
It might also be interpreted as supporting India's overarching objective of elevating commerce and security importance in the Indian Ocean region and addressing the idea of the "Indo-Pacific" region, which is a key area of interest for the Quad countries.

Following the 2016 Uri attack, which saw India persuade the members of the South Asian Association for Regional Cooperation (SAARC) to abstain from the organization's scheduled conference in Islamabad, Pakistan, the concept of BIMSTEC also gained traction.
Due to Indo-Pak ties and what experts refer to as Pakistan's obstructionist approach towards the organization, SAARC's progress has stagnated over time.
BIMSTEC has surfaced as a substitute forum for collaboration.

As a result of BRI activities, China's presence and influence in India's neighbourhood have significantly increased.
India's neighbours have been compelled to give China assets due to debt.
India hopes that its economic ties with the states around the Bay of Bengal will limit Chinese influence in these areas.

As a forum for regional collaboration, BIMSTEC has grown in favour among South Asian nations.
The establishment serves as a link between Southeast and South Asia.
The inclusion of Thailand and India, two significant regional powers, is BIMSTEC's main advantage.

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The economies of the nations in these areas are expanding at the quickest rate in the globe.
India may discover that it is beneficial to concentrate its diplomatic efforts on BIMSTEC members.

BIMSTEC member ties are typically friendly, in contrast to the tense India-Pakistan relations.
BIMSTEC has encountered some challenges. India will have to persuade the other members of the BIMSTEC that its newfound outreach to them is not a gimmick to poke fun at Pakistan, but rather a long-term engagement.

BIMSTEC is beset by a shortage of both funding and personnel. To give BIMSTEC impetus, India could assume an unofficial leadership position and increase funding for the organization.

Objectives: -

1. To evaluate the performance of trade and investment among BIMSTEC Countries
2. To Analyse the Impact of Regional Cooperation on India's Trade
3. To understand the determinants of trade performance of BIMSTEC countries
4. To analyse trade creation and trade diversion impact of possible FTA among BIMSTEC countries
5. To identify tariff and non-tariff barriers for the promotion of intra-regional trade in the region
6. To suggest policies for economic cooperation among BIMSTEC countries

Hypothesis: -

1. There is no significant difference in the trade performance among BIMSTEC countries.
2. There has been no trade creation in India's trade after the formation of BIMSTEC.
3. There is no trade diversion for India's trade after the formation of BIMSTEC countries.

Research Methodology and Data Source; -

The study will be based on secondary data. The secondary data will be collected from different reports such, the BIMSTEC report, IMF and Ministry of External Affairs Government of India. This study is based on secondary data at the aggregate level. The basic data source of the study is WTO Statistical data base, Annual Survey of Industries, published by the Central Statistical Organization, Economic Survey. For Quantitative analysis, will be using statistical techniques like T-test, and also use logistic regression and multinomial logit regression for secondary data analysis.

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Tentative Work Plan: -

Chapter 1. Introduction

Chapter 2. Review of Literature

Chapter 3. Data source and Methodology

Chapter 4. Trade and Investment Scenario in BIMSTEC

Chapter 5. Analysis of Regional FTA and Possible Impact

Chapter 6. Analysis of Tariff and Non-Tariff Barriers among BIMSTEC

Chapter 7. Findings and Recommendation.

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Course Work Completion Certificate
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This is to certify that Sri./Sm. Anjali Anand, on being enrolled as Ph.D. Course Work Student with Enrolment No. 17 on 19/05/2023 in the University Department of Economics under the Ph.D. Regulations of the University framed as per the UGC Guidelines, 2016 has successfully completed his/her Course Work of One Semester (six months) on 19/01/2024.

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